

Commerce Connections

Longview – Aug. 19, 2010

Notes from audience QA and policy discussions

GENERAL SESSION

Q: Regarding funding for tourism: What does “sweeping the accounts” mean?

A: The Legislature has broad authority. Had to face tough decisions to fill the budget gap vs. preserving safety net programs. Legislators exercised their prerogative to appropriate money from various funds for state’s best interest. They were faced with a dilemma.

Q: Concern about about the Public Works Trust Fund : Small cities are hampered by cuts in infrastructure spending for projects that could drive economic development...highway interchange, sewer for example

A: Hope you can stick around for break out discussion. There’s no easy answer.

Q: (City of Longview) The presentation highlighted state of Massachusetts growth...where did the funding come from for the “Massachusetts Works” initiatives that drove that growth?

A: Looks like they wrapped a brand around all the capital spending their state does already and called it something new. But we’re still looking into it; want to understand what’s working in competitor states.

Q: (Lower Columbia CC) interested in green energy...what’s happening in local communities to develop manufacturing opportunities so local economies benefit from (green) sector growth?

A: If you just focus on the mandates (energy efficiency and ghg reduction goals), imported goods are required (to meet the timelines). Must also have policy to address economic development objectives specifically. Addressing 3 goals – competitive energy prices, drive economic growth, meet our GHG emissions goals. Mandate hits the 3rd goal, but doesn’t help eco devo; Need to focus on all 3 things. Some tax incentives require manufacturing in the state.

DIRECTOR HOLMSTROM (DOR) – We do have some manufacturing incentives, but not a saleable credit...that drives investment.

Policy reasons why not. We do have distressed counties deferral...Clark and Cowlitz qualify. We have a tax incentives handout available here today and on-line – updated for last (Legislative) session.

Q: (Energy conservation contractor) – Blessed with funding from Commerce, but run into obstacles to creating jobs in sister agencies (LNI, for example). Actively involved in trying to overcome, but appears Commerce and LNI don’t always work together to help companies. Are you working on anything to overcome that obstacle?

A: Talk afterwards? Our Weatherization program created a lot of challenges; prevailing wage was a new requirement, for example. Strained agencies’ systems. Let’s hear more about how we can help. Judy Scherke (LNI Director) and I work well together. Sure we can work it out, work together.

DIRECTOR HOLMSTROM – This fits into Commerce goal of making it easier to work with regulatory agencies. Understood that it’s difficult to maneuver through complex requirements. We really are

interested in making it easier. LNI, Employment Security, Commerce, Revenue – We are doing outreach and working together & we've made changes people have suggested as we can. We are committed to work together to solve problems. Contact us. Take the opportunity. We are committed and we need to understand how we impact you.

FAITH LUMSDEN, Office of Regulatory Efficiency (ORA) – Let me make a pitch for ORA. Moved a person (Karen Pernerl) into Commerce to work with all the agencies to assist/coordinate with regulatory agencies. Small business liaisons meet regularly to help solve problems.

Ora.wa.gov – you'll find link to small biz liaisons. Raise issues. We need to know.

Q/Comment: (EDC) – Nervous about limited state funding. Company using tax incentive for a long time – it was a tax incentive used as an example by Gov. Locke. Now, same incentive being removed? If it could happen to this company, perhaps others.

TOURISM DISCUSSION

Marsha Massey, Executive Director, Washington State Tourism

Different funding models presented. Washington state support for tourism is very low vs comparative states.

Director Weed: Current funding level is not useful. Should we put forward 0 budget to raise the question/commitment?

Comments:

Seattle & Spokane have bigger budgets than the state.

Some of the gripe is low wage jobs...

Investment in hotels and properties is significant. The wages/jobs are also diverse...it's not all low wage. It's across the spectrum.

How many people does it employ? 147,600 jobs directly related to tourism spending

(Kelso/Longview chamber/tourism) – get out the message about the economic impact of tourism. It's great to have that money coming into the state. Benefits the state as whole. \$1.8 (current state funding) is ridiculous – might as well not even have a budget.

Q: Is there a perception that there isn't enough accountability on part of the state...should the money go out to the associations?

(Regional transportation planning) - I worked on Lewis & Clark...the state tourism office and locals don't always work well. Thorough understanding of state role in tourism is key. Also: We have scenic byways around the state, several national ones...Commerce/Tourism should work with WSDOT to allow signing on the I-5 corridor. Can't do right now. Other states do it with add-ons to existing signs. Little things like this, cooperation between communities and organizations in the corridor and the state would be helpful.

(COMMERCE) – We try to support WSDOT from marketing perspective. Bright spot...our popular experiencewa web site has info.

Q: Back to funding – key part of the partnership. Under Marsha there's been 180-degree turnaround...come a long way with state-local cooperation. State tourism bill led the way. Public-private match is required. Had to actively engage partners to accomplish the funding model. Now, the sweep

takes a step back. Money is the key. Need a different model. Oregon has the cleanest model – 1% statewide lodging tax. Granted out to the locals - regions allocate to the individual entities...if the locals pool, better chance. Model has everyone working together. Leverages partnerships. State doesn't get 100% of the \$ to spend on marketing. A pool must be allocated to the regions and portion of that must go out to the locals. Bottom up and top down.

Travel OR – 80% for marketing, 20% to grants.

There's match...example \$6700 from state led to \$30,000 in total spending with multiple matches.

A lot of regional efforts could be accommodated at a regional level...working with EDCs and others instead of going back to the state. Sold via creating a Public Utilities District which can levy a tax.

Commodity Commission model has unequal benefits...lodging industry vs. other partners.

The example mentioned is one anecdote, but can't guarantee the match in every case.

Grants had 1-to-1 match required. We were able to do 5-to-1 --- granted, that's not normal (typical).

Example: Jobs Act. Legislature thinks that entire amount will be leveraged 2 or 3 to 1.

Idaho has half of their budget in grants (\$3 million). Tracking match is another issue...not just cash, but infrastructure (labor & materials donation).

WA grant program is only \$250K – the \$400K from Convention & Trade had escalating match...up to 50% in the last year. Had to demonstrate private sector match...that's how we got there. Ad sales in the travel planner for example. Locals hosting (in-kind) travel writers another example.

Community Capacity Discussion

Rick Torrance, Commerce Managing Director

Q: What is a healthy and thriving community...what's the goal?

Metrics:

- Average freshman graduation rates for public secondary schools.
- Number of households with incomes below 50% of poverty paying more than 30% of income to rent.
- Average number of households participating in Supplemental Nutrition Assistance Program (SNAP)
- Number of Violent Crimes per 100,000 Inhabitants.
- State Unemployment (by county)

Comments:

(Labor & Industries) – you say “state” – do you really mean the Dept. of Commerce?

COMMERCE: We look at it 2 ways...we're concerned with the grants & programs we run but also about opportunities to coordinate with other agencies on broader issues.

(LNI) For example: Cowlitz County EDC created admin asst. apprenticeship program...run by industry.

Another attendee is sponsoring a Weatherization apprenticeship program. State should look at the entire education/training program spectrum...not just college, but also these other opportunities. Link with businesses – encourage employers sponsorship of registered apprenticeship program. “it's a community jobs program”

“Stove-piping” of what union, colleges, state agencies...we need to think holistically about workforce training and education.

Commerce is excited about breaking down some of those silos...coordinate planning in communities. We have several programs that require needs assessment before developing/executing a grant. If we're doing 3 or 4, combine to one.

Q: Why not give credit for what communities are doing – recognition. Not a new program.

A: Yes – as responsible stewards of public money – allow communities to demonstrate you know how to use the public money – don't have to go through a full blown needs assessment multiple times. That's exactly where we think Commerce can coordinate to reduce obstacles and create solutions.

Q: So the stovepipes need to get together to reduce?

Regional activities are happening more in the changing economy. We're about as far as we can go.

What's next?

Downturn in economy does force working together. You can't get it done by yourself anymore.

(Cowlitz Lewis ED district) – we have to do a comprehensive eco devo strategy. We look at community health: clean workforce, retraining, diversification of skills, education, working together with nonprofits...our boards require we break down the stovepipes and find commonalities

(Federal program) CEDS requires 5-yr goals, strategies, funding plan...must show where the projects meet our goals in order to access federal Commerce funds.

CTED used to do WACERT...went into communities to identify assets and priorities in communities.

COMMERCE – if we can help by reducing assessments...we want to know/do that. Housing & community projects will have common elements. Can we help facilitate and improve what you're doing.

Comments:

I think it's telling that you didn't now what a CEDS is...you need to have an overarching view of activities, projects that we're already doing.

For us, eco devo is housing, workforce, education...focus on what is most compelling in our district. For example, flooding is an issue.

Thriving communities is also mental health of youth. Lost school resource officer, no school counselor...this is our future and we need to appreciate and support prevention programs. Adult mentor programs.

Community mobilization dollars are vital to having healthy, thriving communities

(EDC) - Law of unintended consequences. Low to moderate income housing is needed...people are driving farther to jobs. "Warehousing the poor" is a result of this funding. Don't have enough good housing to support mid level jobs.

Smaller communities have to turn some money back because they're not ready, don't have capacity (administrative capacity in particular) to use the large amounts of money they have. Weatherization example. How can we keep that funding in those communities for conservation and energy efficiency?

More technical support needed. Community service agencies (2-3 person operation) can get grants, have the needs, but need a 15-person operation to take advantage of the money.

We want a more balanced jobs community...think about all the pieces that are critical to a healthy community. How is the balance now? Let us know where we need to partner, to focus. (Asset mapping?)

There's more need for moderate income housing...difference of opinion from previous speaker. Maybe we get "bonus pts" (for cooperation/partnerships) as a team in applying for grants

INFRASTRUCTURE

John LaRocque, Public Works Board

Commerce as convener and influencer – group of agencies trying to work collectively on the issue

Looking at bonding opportunities. Not looking as good (State Treasurer has questions/concerns).

Example: bond drinking water programs can double the money

Accelerated loan program...we committed money that wasn't in yet by using federal money anticipated.

Community Economic Revitalization Board (CERB) is struggling.

Looking at loans and projects that haven't progressed – possibly pull the funds back and recommit to other projects. (CERB model).

Do more with rural development (\$44 million – federal); other federal domestic assistance funding opportunities – Commerce is mining these regularly (Example: Brownfields recent supplemental award)

Presented Ten Things Local Governments Can Do To Help With the Funding Critical Projects:

1. Use every financing tool you have available to finance projects locally or maximize local match when needed.
2. Seek funding for only the most critical projects on your list.
3. Look for funding programs that are not as commonly sought after.
4. Look to join with other close by communities to see if you can “share” a project or a system.
5. Seek lower cost alternatives, challenge the “Cadillac” design option.
6. Work with regulating agencies to gain information about ways to solve the problem.
7. Continue or enhance maintenance activities that extend the life of components.
8. When applying, check and recheck the application to make sure it's complete, submitted on time, and has all the necessary signatures.
9. Keep your legislators and congressional delegation informed of your situation.
10. Participate fully in information gathering events or exercises like surveys or needs assessments. Tell your story completely.

(EDC) – developers want to build private water and sewer systems...very difficult in this state. If not public funds, let's streamline ability to get private sewer systems built.

(Woodland City Council) – annexing 466 acres for industrial park. Can Commerce help?

CERB best bet. Introduced Lynn Longan, Commerce regional business services representative.